

## McPhy 2023 Annual Results

- Annual revenue up +17% to €18.8 million, within expected range
- Higher growth for the electrolyzer business of +25%, representing 73% of total revenue
- EBITDA of €(44.6) million driven by R&D programs and customer projects
- Cash position of €63.0 million as of December 31, 2023
- Strengthening of financial liquidity through implementation of a financing plan for around €60 million in total
- Commitments by EDF Pulse Holding and the French Tech Souveraineté fund to subscribe to a proposed convertible bond issuance for €15 million each, for a total of €30 million

**Grenoble, March 7, 2024 - 6:00 pm CET - McPhy Energy**, specialized in low-carbon hydrogen production and distribution equipment (electrolyzers and refueling stations), today announces its consolidated results for the financial year 2023, ended December 31, approved today by the Company's Board of Directors<sup>1</sup>.

### Simplified P&L<sup>2</sup>

(€ million)	2023	2022	Change
Revenue	18.8	16.1	+17%
Other operating income	1.1	1.9	-40%
<b>Income from Operating Activities</b>	<b>19.9</b>	<b>17.9</b>	<b>+11%</b>
Purchases consumed	(16.0)	(15.9)	n.s.
Personal costs	(24.1)	(17.7)	+37%
External costs	(24.4)	(21.1)	+15%
<b>EBITDA</b>	<b>(44.6)</b>	<b>(36.8)</b>	<b>+21%</b>
Depreciation, amortization and net provisions	(5.6)	(1.6)	n.s.
<b>Operating Income (EBIT)</b>	<b>(50.2)</b>	<b>(38.4)</b>	<b>+31%</b>
Other income and expenses	-	0.4	n.s.
Financial Result	2.8	0.4	n.s.
Income Tax	(0.0)	(0.1)	n.s.
<b>Net Result</b>	<b>(47.4)</b>	<b>(38.2)</b>	<b>+24%</b>

<sup>1</sup> Estimated results: Group's consolidated financial statements will be formally approved by the Board of Directors on April 2, 2024.

<sup>2</sup> The audit procedures are in progress.

**Jean-Baptiste Lucas, Chief Executive Officer McPhy**, states: *“2023 has been a contrasted year for McPhy. Top line once again suffered from delays which penalized order intake, bringing it below our ambitions. On the positive side, the Group achieved several important strategic milestones during the year, including the partnership with the Indian multinational company Larsen & Toubro, the first contracts for the industrial sector, major progress in the transition to industrial scale, and the refocusing on our core business as an electrolyzer manufacturer. Recent developments in the market, with the strong momentum of low-carbon hydrogen applications in industry, the rapid increase in the size of projects in tendering and the increased specialization observed in the business activities, reinforce the choices we have made. In 2024, we are committed to transforming the commercial opportunities of the low-carbon hydrogen market, by driving forward the technological development of our new range of high-capacity electrolyzers, the ramp-up of our industrial footprint and the execution of our first large-scale projects.”*

### Revenue within expected range

**Revenue for the 2023 financial year** amounts to **€18.8 million, up +17%** versus 2022, in line with the double-digit growth range given at the half-year results publication. Growth was fueled by major projects currently under execution, and the initial benefits of contracts signed in the industrial sector, such as the "green metal" project with the Plansee Group<sup>3</sup> and the low-carbon steel production project with ArcelorMittal and VEO<sup>4</sup>. In addition, as part of its partnership with L&T, McPhy recorded the first revenue from the lump-sum part of the transfer of its pressurized alkaline electrolysis technology.

The **annual 2023 revenue** for the continued **electrolyzer** business reaches **€13.7 million, up +25%**. The **station business**, held for sale, reports **steady revenue of €5.1 million**.

### Update on current business and projects

**Firm order intake** have been negatively impacted by the postponement of the major 20 MW Djewels project, for which the final investment decision has not yet been taken, although the contract has been signed with HyCC during the second half of 2023. Order intake thus **dropped by 56%** to **€13.0 million**, of which €12.6 million for the electrolyzer business alone.

However, McPhy has noted a significant increase in tenders for the supply of large-scale electrolyzers over the course of 2023, with a **portfolio of tenders of 2.2 GW by 2030**, a **two-fold increase** on last year and an average size per project rising from around 40 megawatts in 2022 to 70 megawatts in 2023.

### Operating result reflecting the Group's continued restructuring

In fiscal year 2023, the Group pursued its recruitment and structuring plans, resulting in an increase in current expenses related to:

- Innovation and R&D expenditure linked to the optimization of current products and the development of its new range of very large-scale electrolyzers;
- The strengthening of its engineering and service resources dedicated to customer projects.

<sup>3</sup> *“McPhy Awarded a Landmark Contract in the Industrial Field for Green Metal Project for Plansee Group in Austria”*, on May 9, 2023

<sup>4</sup> *“On the Road to Decarbonisation with Hydrogen: ArcelorMittal, VEO and McPhy to Build Pilot Electrolysis Plant in Eisenhüttenstadt”*, on April 5, 2023



Hence, **personnel costs increased by €6.4 million in 2023**, due to the **recruitment of 72 new employees** and reached €24.1 million. Other external costs amounted to €24.4 million, and mainly comprised the purchase of subcontracting services and technical studies required for the Group's **ongoing industrial, engineering and R&D development**.

**EBITDA stands at €(44.6) million in 2023**, compared to €(36.8) million in 2022. It includes for an amount of €4.5 million the share of IPCEI grant<sup>5</sup> applicable to the eligible expenses over the period.

The **Operating Result**, €(5.6) million below EBITDA, amounts to **€(50.2) million in 2023**. The sharp increase in depreciation, amortization and net provisions, from €(1.6) to €(5.6) million, reflects the investments made over the past few years and an increase in provisions recorded on certain legacy projects, linked in particular to the stations business. As a reminder, the 2022 financial year benefited from a €2.6 million reversal of the provision related to the Energiedienst incident.

Active cash management to take full advantage of the rising interest rate environment has resulted in a positive **financial result of €2.8 million in 2023**, bringing **Net Result to €(47.4) million**, compared with €(38.2) million in 2022.

### Cash position of €63.0 million as of December 31, 2023

**Net cash consumption was €(72.4) million** in fiscal year **2023**, including:

- **Cash flow from operating activities of €(51.4) million**, due to the change in EBITDA and a €(5.4) million rise in working capital requirements, mostly explained by an increase in inventory resulting from the start-up of more projects;
- **Investments** necessary for the Group's industrial scale-up amounting to **€(24.5) million**, of which €(17.6) million are dedicated to the Belfort Gigafactory.

As a result, McPhy holds a **cash position of €63.0 million as of December 31, 2023** compared to €135.5 million as of December 31, 2022.

### Continuing industrial scale-up

McPhy has reached key milestones in the **scaling-up of its industrial set-up**, especially with the completion of construction of its **Gigafactory** at the **Belfort** site. The Gigafactory was delivered on schedule during this 1<sup>st</sup> quarter of 2024, and operations will begin at the end of the 2<sup>nd</sup> quarter.

The site will be gradually ramped up, with the aim of reaching an **annual production capacity of 1 GW**. McPhy has also **increased production capacity to 300 MW** (in two shifts) at its San Miniato site.

### Progress on the contemplated sale of the refueling station business

Following the entry into exclusive negotiations for the **sale of its station business** with **Ataway<sup>6</sup>** in December 2023, McPhy has received a **binding offer**, announced on February 19, 2024.

The price for the sale is composed of a fixed part between €11 and €12 million euros, plus a variable part that could amount, up to several million euros. This earn-out would be implemented from the date of completion of the transaction and would be conditional on the future order intakes relating to the scope of business covered by the contemplated transaction.

<sup>5</sup> Subject of a public aid contract by the French State within the framework of the PIIEC ("Projet Important d'Intérêt Européen Commun") or IPCEI ("Important Project of Common European Interest") scheme known as "Hy2Tech" approved by the European Commission, concluded with Bpifrance on October 28, 2022.

<sup>6</sup> "*McPhy enters into exclusive negotiations with Ataway for the sale of its hydrogen refueling station business*" and "*McPhy receives a binding offer from Ataway for the sale of its station business*", on December 14, 2023 and February 19, 2024.



The transaction is expected to be finalized during the 2<sup>nd</sup> quarter of 2024, subject to consultation with McPhy's employee representatives, a process which is ongoing, completion of financing, and fulfillment of usual prerequisites.

### Implementation of a financing plan for around €60 million, of which €30 million through the proposed issuance of convertible bonds

In order to finance its working capital requirements and general cash needs, in particular the development of its commercial activity, its industrial facilities and its research and development activity, McPhy intends to **propose** to its shareholders, at the Combined General Meeting to be held on May 30, 2024 (the "**CGM**"), the authorization of an issuance of bonds convertible into new shares and/or exchangeable for existing shares (the "**Convertible Bonds**").

The key financial terms of the Convertible Bonds would be as follows:

- The Convertible Bonds would be issued and redeemed at par, bear interest at 8% per annum, payable annually, and have a maturity of 5 years;
- The conversion price of the Convertible Bonds would represent a premium of 20% over the price determined on the issuance date;
- Conversion (in whole or in part) may be requested by bondholders at any time from the date of issuance until maturity. In the event of a conversion request, the issuer may deliver new and/or existing shares and/or a cash amount (based on the share price at the time of the conversion request).

The legal documentation for the Convertible Bonds would also include the standard clauses for this type of market instrument: in particular, early redemption at the option of the bondholders (after 3 years or if certain events occur) or the issuer in certain cases, and adjustments in the event of financial transactions.

McPhy has already received commitments to subscribe for a **total of €30 million**. EDF Pulse Holding ("**EDF Pulse**"), an existing shareholder, and the Bpifrance EPIC<sup>7</sup> (Public Institution of an Industrial and Commercial Nature), acting on behalf of the French State under the French Tech Souveraineté Agreement dated December 11, 2020 ("**French Tech Souveraineté**"<sup>8</sup>), have thus undertaken to subscribe to the Convertible Bonds for an amount of **€15 million each**. McPhy will investigate the possibility of issuing an additional amount to other investors depending on market conditions.

Both EDF Pulse and French Tech Souveraineté have informed the McPhy of their intention not to exceed, alone or in concert, the threshold of 30% of the company's capital and/or voting rights.

Along with the approval by the CGM of the necessary resolutions, the offering of the Convertible Bonds will be subject to the approval of the prospectus, by the AMF, prepared for the admission to trading on Euronext Paris of the new shares resulting from the conversion of the Convertible Bonds, and to the reappointment of an EDF Pulse's second Board of Directors' member.

In conjunction with the planned issuance of Convertible Bonds, McPhy continues to secure **new financing to strengthen its working capital** in the course of 2024.

In addition to the potential proceeds from the sale of its station business and the implementation of an equity financing line with Vester Finance<sup>9</sup>, the Group has signed, with a banking pool, a notice to proceed to a **lease financing** for its Belfort **Gigafactory**, representing a financing of **€16 million**.

<sup>7</sup> "Établissement Public à Caractère Industriel et Commercial" in French

<sup>8</sup> French Tech Souveraineté is an investment fund managed by Bpifrance, with both an offensive and defensive role. It already has an initial investment of €150 million to support French technology companies in sovereign technologies of the future, which could be targeted by large foreign players or be overtaken by competitors with better financing.

<sup>9</sup> "McPhy renews an equity financing line with Vester Finance", on December 19, 2023.



This new financing amounts together to around €30 million, **totaling up to around €60 million** including the proceeds of the Convertible Bonds.

Based on the business plan and the various financing options mentioned above, McPhy will have the required financial resources to finance its growth and working capital requirements until the beginning of 2026 on its scope refocused on the electrolyzer business. McPhy will therefore be able to establish itself as a key manufacturer of equipment for low-carbon hydrogen production.

### Next Financial events:

- **Combined General Meeting on May 30, 2024**
- Publication of **2024 half-year results on July 30, 2024**, after market close

The annual financial report will be made available as part of its 2023 Universal Registration Document no later than April 30, 2024, on the Company's Investor website ([www.mcphy-finance.com](http://www.mcphy-finance.com)).

### ABOUT MCPHY

*Specialized in hydrogen production and distribution equipment, McPhy is contributing to the global deployment of low-carbon hydrogen as a solution for energy transition. With its complete range of products dedicated to the industrial, mobility and energy sectors, McPhy offers its customers turnkey solutions adapted to their applications in industrial raw material supply, recharging of fuel cell electric vehicles or storage and recovery of electricity surplus based on renewable sources. As designer, manufacturer and integrator of hydrogen equipment since 2008, McPhy has three development, engineering and production centers in Europe (France, Italy, Germany). Its international subsidiaries provide broad commercial coverage for its innovative hydrogen solutions. McPhy is listed on Euronext Paris (compartment C, ISIN code: FR0011742329, MCPHY).*

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## APPENDICES

## Cash-flow Statement

(€ million)	2023	2022
Net result	(47.4)	(38.2)
Cash-flow from operations	(41.0)	(35.9)
Working capital requirement	(5.9)	(7.8)
Operating subsidies	(4.5)	26.9
<b>Net cash-flow from operating activities</b>	<b>(51.4)</b>	<b>(16.9)</b>
<b>Net cash-flow from investing activities</b>	<b>(20.8)</b>	<b>(23.0)</b>
<b>Net cash-flow from financing activities</b>	<b>(0.3)</b>	<b>(1.6)</b>
<b>Change in cash and cash equivalents</b>	<b>(72.4)</b>	<b>(41.7)</b>
<b>Closing cash position</b>	<b>63.0</b>	<b>135.5</b>

The audit procedures are in progress.



**Balance Sheet**

<b>ASSETS</b> (€ million)	<b>2023</b>	<b>2022</b>
Goodwill	1.7	2.5
Intangible assets	2.5	0.0
Tangible assets	33.7	0.7
Other non-current assets	14.5	0.0
<b>NON-CURRENT ASSETS</b>	<b>52.4</b>	<b>41.1</b>
Inventories	7.6	12.0
Trade and other receivables	20.1	10.2
Current tax assets	2.0	1.1
Cash and cash equivalents	63.0	0.0
<b>CURRENT ASSETS</b>	<b>92.8</b>	<b>167.7</b>
<b>ASSETS HELD FOR SALE</b>	<b>19.2</b>	<b>0.0</b>
<b>TOTAL ASSETS</b>	<b>164.4</b>	<b>208.8</b>
<b>LIABILITIES</b> (€ million)	<b>2023</b>	<b>2022</b>
Share capital	3.4	3.4
Premium issued	171.5	191.6
Treasury shares	(0.6)	(0.9)
Retained earnings	(86.0)	(59.2)
<b>SHAREHOLDERS' EQUITY</b>	<b>88.2</b>	<b>134.9</b>
Investment grants	6.8	2.5
Provisions - over 1 year	3.7	2.5
Financial debit & borrowings - over 1 year	4.3	4.5
Deferred tax liabilities	1.8	0.7
<b>NON-CURRENT LIABILITIES</b>	<b>16.6</b>	<b>10.2</b>
Provisions - under 1 year	7.4	5.7
Financial debit & borrowings - under 1 year	0.6	1.6
Trade and other payables	13.4	18.2
Other current liabilities	36.5	38.2
<b>CURRENT LIABILITIES</b>	<b>57.9</b>	<b>63.7</b>
<b>LIABILITIES HELD FOR SALE</b>	<b>1.7</b>	<b>0.0</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>164.4</b>	<b>208.8</b>

The audit procedures are in progress.

